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ACTION DRL-02

INFO LOG-00 NP-00 ACQ-00 CIAE-00 COME-00 DODE-00 DS-00
EAP-00 EB-00 FBIE-00 VC-00 TEDE-00 INR-00 IO-00
LAB-01 VCE-00 NSAE-00 OES-01 OIC-02 IRM-00 SSO-00
SS-00 STR-00 TRSE-00 USIE-00 DSCC-00 NFAT-00 SAS-00
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FM AMEMBASSY HANOI
TO SECSTATE WASHDC IMMEDIATE 2723
INFO DEPTLABOR WASHDC IMMEDIATE
NSC WASHDC

C O N F I D E N T I A L HANOI 001026

SIPDIS

STATE FOR DRL/IL, EB/TPP/BTA/ODC AND EAP/BCLTV
STATE PASS TO USTR/ CAROYL MILLER AND JOE DAMOND
USDOL FOR ILAB/ JPERLMUTTER, RSHEPARD, GRUSSELL,
NSAYRES
NSC FOR THE EAST ASIA DIRECTORATE

E.O. 12958: DECL: 05/03/2011

TAGS: [ELAB](#) [PREL](#) [PHUM](#) [ETRD](#) [VM](#) [LABOR](#)

SUBJECT: SOME HILL STAFFERS PUT HIGH PRIORITY ON WORKERS RIGHTS DURING RECENT VISITS TO VIETNAM

REF: HANOI 0641

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[1](#)1. (U) CLASSIFIED BY ECONOMIC COUNSELOR ROBERT W.
DRY, REASON 1.5 (B) AND (D).

[1](#)2. (C) SUMMARY: RECENT CONGRESSIONAL VISITS TO
VIETNAM GAVE HIGH PRIORITY TO LABOR ISSUES. IN
MEETINGS WITH VIETNAMESE OFFICIALS AND THE ILO, THE
VISITORS HEARD WHAT VIETNAM IS DOING TO MOVE FORWARD
IN WORKERS RIGHTS AND WHAT MORE VIETNAM PLANS FOR THIS
AREA. SEVERAL STAFFERS SYMPATHETIC TO THE LINKAGE OF
LABOR OBLIGATIONS AND TRADE AGREEMENTS FOCUSED ON
DEVELOPING IDEAS ON HOW THIS MIGHT BE ACCOMPLISHED IN
THE VIETNAMESE CONTEXT. THEY LEARNED FROM THEIR
DISCUSSIONS THAT ANY SUCH EFFORTS WOULD BE A
DIFFICULT, IF NOT IMPOSSIBLE, UNDERTAKING WHICH WOULD
LIKELY JEOPARDIZE VIETNAM'S PROGRESS ON TRADE
LIBERALIZATION AND OUR ABILITY TO MOVE THE VIETNAMESE
FORWARD ON LABOR ISSUES IN THE CHANNELS WE CURRENTLY
HAVE. NONETHELESS, WE FOUND LISTENING TO THEIR
CONCERNS USEFUL. ON THE OTHER HAND, WE ARE A BIT
CONCERNED HOW THE GVN WILL INTERPRET THIS RATHER
CANDID DISCUSSION ABOUT THE NEED FOR LABOR PROGRESS BY
CERTAIN MEMBERS OF CONGRESS. THE GVN'S GOAL IS TO SEE
THE BTA RATIFIED AS EXPEDITIOUSLY AS POSSIBLE. THE
LABOR DISCUSSION MAY HAVE FURTHER HEIGHTENED ANXIETY
ABOUT THE TIMING OF BTA RATIFICATION. END SUMMARY.

[1](#)3. (U) POST HOSTED A VISIT BY REP. PHILIP CRANE (R-
IL) APRIL 10-15 AND A STAFF DELEGATION LED BY EARNEST
"CHUCK" CHARLES ATKINS, CHIEF OF STAFF FOR REP. BART
GORDON (D-TN) APRIL 15-19. DURING BOTH OF THESE
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VISITS, LABOR ISSUES AND WORKERS' RIGHTS WERE GIVEN
HIGH PRIORITY. (SEE SEPTELS FOR OTHER REPORTS ON THE
DELEGATIONS' VISITS.) VIETNAMESE OFFICIALS RESPONDED
BY ARRANGING SURPRISINGLY HIGH LEVEL MEETINGS GIVEN
THAT MOST SENIOR OFFICIALS WERE THEN DEEPLY INVOLVED
IN IMPORTANT MEETINGS IN THE RUN-UP TO THE NINTH PARTY
CONGRESS. REP. CRANE AND HIS DELEGATION MET WITH THE
FIRST VICE MINISTER FROM THE MINISTRY OF LABOR,
INVALIDS AND SOCIAL AFFAIRS (MOLISA) MR. NGUYEN LUONG
TRAO, AS WELL AS THE DIRECTOR OF THE ILO HANOI OFFICE,
MS. ROSEMARIE GREVE. INTERESTED MEMBERS OF THE
STAFFDEL ALSO MET WITH MR. TRAO AND MS. GREVE. IN
ADDITION, THEY MET WITH VICE CHAIRMAN DR. DANG NGOC
CHIEN OF THE VIETNAM GENERAL CONFEDERATION OF LABOR.

[1](#)4. (SBU) THE DELEGATION MEMBERS THAT TOOK THE
GREATEST INTEREST IN THE WORKERS RIGHTS TOPIC WERE
STAFFDEL MEMBER MR. TIM REIF, DEMOCRATIC CHIEF TRADE
COUNSEL, AND CODEL MEMBER MS. VIJI RANGASWAMI,
DEMOCRATIC TRADE COUNSEL, BOTH OF THE HOUSE WAYS AND
MEANS COMMITTEE. BOTH WERE ATTEMPTING TO GATHER

INFORMATION TO SUPPORT A PLAN TO LINK PASSAGE OF THE BTA TO VIETNAMESE AGREEMENT TO NEGOTIATE A DOCUMENT, PREFERABLY A TEXTILES AGREEMENT, WHICH WOULD OBLIGATE VIETNAM TO IMPROVE ITS PROTECTION FOR WORKER RIGHTS, THEREBY BRINGING IT MORE CLOSELY INTO LINE WITH INTERNATIONAL LABOR STANDARDS. MS. RANGASWAMI TOLD POST'S LABOR OFFICER PRIOR TO EMBASSY'S COUNTRY TEAM MEETING, THE OPENING EVENT OF MR. CRANE'S VISIT, THAT HER GOAL WAS TO 'FIND A SOLUTION' TO THE VIETNAM 'LABOR ISSUE' DURING THE TRIP.

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15. (SBU) MS. ANGELA ELLARD, STAFF DIRECTOR FOR THE WAYS AND MEANS COMMITTEE, ALSO PARTICIPATED ACTIVELY IN THE LABOR-ORIENTED PORTION OF THE SCHEDULE, SHAPING QUESTIONS THAT DREW ATTENTION TO WHAT THE VIETNAMESE WERE DOING THEMSELVES TO MAKE PROGRESS IN THIS AREA, AS WELL AS THE WORK THAT IS BEING DONE UNDER OUR BILATERAL MEMORANDUM OF UNDERSTANDING (MOU) ON LABOR COOPERATION AND DIALOGUE. IN THE MEETING WITH MOLISA VICE MINISTER TRAO, SHE SAID THAT MEMBERS BELIEVED THE MOU WAS AN "EXCELLENT BASIS FOR MOVING FORWARD ON LABOR ISSUES". MIKE MESSMER, STAFFER FOR RICHARD GEPHARDT (D-MO), ALSO PARTICIPATED IN THE STAFFDEL'S LABOR MEETINGS.

16. (U) WE THOUGHT BOTH MEETINGS WITH MOLISA VICE MINISTER TRAO WENT WELL. AFTER BRIEF INTRODUCTORY REMARKS, TRAO INVITED THE VISITORS TO POSE QUESTIONS. AFTER LISTENING TO A SERIES OF QUESTIONS, HE DEFTLY ADDRESSED THEM WHILE PROVIDING INSIGHT INTO THE GVN'S EFFORTS TO REFORM AND IMPROVE THE LABOR LAW AND WORKERS PROTECTIONS. IT WAS CLEAR FROM HIS PRESENTATION THAT, WITH OVER A MILLION NEW ENTRANTS INTO THE JOB MARKET ANNUALLY, HIS GOVERNMENT GAVE TOP PRIORITY TO EMPLOYMENT GENERATION. BUT, HE ALSO MADE IT CLEAR THAT THE GOVERNMENT TOOK AN INTEREST IN THE QUALITY OF THOSE JOBS AND IN THE MANNER WORKERS WERE TREATED ON THE JOB. HE TOLD BOTH DELEGATIONS THAT THE GVN WAS CIRCULATING FOR COMMENT DRAFT AMENDMENTS TO THE LABOR CODE WHICH WILL BE SUBMITTED FOR REVIEW TO THE NATIONAL ASSEMBLY IN MAY. AND, IF ALL GOES WELL,

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IT WOULD BE SUBMITTED FOR FINAL ASSEMBLY APPROVAL BY MAY 2002. HE ALSO NOTED THAT VIETNAM WAS AN ILO MEMBER, HAD RATIFIED 15 CONVENTIONS, THREE OF WHICH WERE CORE CONVENTIONS, AND THAT VIETNAM PLANNED TO RATIFY TWO ADDITIONAL CONVENTIONS IN THE NEAR FUTURE, INCLUDING CORE CONVENTION NO. 138 ON THE MINIMUM AGE FOR WORK. MOREOVER, HE SAID HIS GOVERNMENT WAS FULLY AWARE OF THE NEED TO STUDY RATIFICATION OF THE REMAINING CORE CONVENTIONS AND, WHERE THE GOVERNMENT IS NOT YET IN COMPLIANCE, TO BEGIN INCORPORATING THEIR OBLIGATIONS INTO THE DOMESTIC LABOR SYSTEM. TRAO SPOKE HIGHLY OF INITIAL PROGRESS UNDER THE U.S.-VIETNAM MOU AND SAID THAT HIS GOVERNMENT LOOKED FORWARD TO THE COMPLETION OF THE SPECIFIC PROJECT PROPOSALS DEVELOPED IN MARCH (REF) THAT WOULD BREATHE LIFE INTO THE PROJECT PLAN. HE STRESSED HIS APPRECIATION FOR THE "COOPERATIVE APPROACH" ON LABOR ISSUES.

17. (SBU) IN THE STAFFDEL MEETING WITH TRAO, TIM REIF NOTED THAT THE U.S. HAD INCLUDED LANGUAGE ON TRADE AND LABOR STANDARDS IN RECENT TRADE AGREEMENTS, INCLUDING THE FREE TRADE AGREEMENT WITH JORDAN AND THE TEXTILES AGREEMENT WITH CAMBODIA. HE ADDED THAT MANY MEMBERS - NAMING CHARLES RANGEL (D-NY) AND GEPHARDT, SPECIFICALLY - EXPECT THAT ONE OF THESE WILL SERVE AS A MODEL FOR "HOW WE DEAL WITH THE LABOR STANDARDS ISSUE WITH VIETNAM." FURTHERMORE, HE SUGGESTED IN THIS MEETING AND OTHERS THAT RESOLUTION OF LABOR ISSUES WAS REQUIRED BEFORE THE U.S.-VIETNAM BILATERAL TRADE AGREEMENT (BTA) WOULD BE SENT TO THE HILL FOR

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APPROVAL (SIC). TRAO EXPRESSED GRATITUDE FOR MEMBERS' FOCUS ON VIETNAM'S LABOR REGIME. BUT, HE SAID HE WAS SURE THAT WHEN MEMBERS AND THEIR STAFF STUDIED VIETNAM'S "PROGRESSIVE" LABOR CODE THEY WOULD BE CONVINCED TO SUPPORT THE BTA. HE PLEDGED TO WORK WITH THE U.S. TO PROVIDE INFORMATION THAT WAS NEEDED ON VIETNAM'S LABOR REGIME IN PREPARATION FOR THE VOTE ON THE BTA'S PASSAGE IN CONGRESS.

18. (C) AFTER THE MEETING, KEY MOLISA CONTACT NGUYEN MANH CUONG (PLEASE PROTECT) REMARKED PRIVATELY TO ECONOFF THAT TRAO'S REMARKS WERE INTENDED TO CONVEY THE MESSAGE THAT THE GVN WOULD NOT AGREE TO CHANGES IN VIETNAM'S LABOR REGIME AS CONDITIONS FOR APPROVAL OF THE BTA. FURTHER, HE WARNED THAT, IN HIS OPINION, ANY

LINKAGE OF LABOR TO ANY FUTURE TRADE AGREEMENT, INCLUDING THE TEXTILES AGREEMENT, WOULD BE "IMPOSSIBLE" AND MIGHT JEOPARDIZE NOT ONLY CONCLUSION OF THAT AGREEMENT BUT ALSO VIETNAM'S OWN APPROVAL OF THE BTA. EVEN WORSE, HE FEARED THAT SUCH ACTION MIGHT INDUCE A DECISION TO SLOW OR HALT THE COOPERATION ON LABOR ALREADY UNDERWAY.

19. (U) ILO HANOI DIRECTOR GREVE BRIEFED THE DELEGATIONS ON THE ILO'S VIEWS ON VIETNAM'S LABOR REGIME AND THE TECHNICAL ASSISTANCE THE ORGANIZATION IS UNDERTAKING. SHE ADMITTED CANDIDLY THAT VIETNAM'S LABOR REGIME FELL SHORT OF INTERNATIONAL LABOR STANDARDS BUT ASSERTED THAT VIETNAM HAD MADE SIGNIFICANT PROGRESS IN IMPROVING COMPLIANCE SINCE REJOINING THE ILO IN 1992. MOREOVER, SHE SAID THAT THE
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COUNTRY WAS "COMMITTED" TO GRADUALLY AND DELIBERATELY CONTINUING TO BRING LABOR RIGHTS MORE CLOSELY INTO COMPLIANCE WITH INTERNATIONAL STANDARDS. IN RESPONSE TO QUESTIONS ABOUT ADDITIONAL PRIORITY AREAS IN WHICH VIETNAM NEEDED AND WAS PREPARED TO ACCEPT ILO TECHNICAL ASSISTANCE, MS. GREVE LISTED STRENGTHENING LABOR STATISTICS AND MARKET INFORMATION AND COLLECTIVE BARGAINING, ESPECIALLY AT THE ENTERPRISE LEVEL. AS THE ILO IS NOT A FUNDING AGENCY, SHE NOTED THAT FUNDING FOR SUCH PROJECTS MUST COME FROM MULTILATERAL OR BILATERAL DONORS.

10. (SBU) THE STAFFDEL MEETING WITH VIETNAMESE LABOR CONFEDERATION (VGCL) VICE CHAIRMAN CHIEN PROVIDED A PICTURE OF HOW THE LABOR CONFEDERATION ENVISIONS ITS ROLE AND WHAT IT THINKS ARE SOME OF THE PROBLEMS FACING VIETNAMESE WORKERS. IN HIS REMARKS, CHIEN REFLECTED THE VGCL'S TRADEMARK SCHIZOPHRENIA BETWEEN

OLD ATTITUDES AND METHODS, WHICH CHARACTERIZED TRADE UNION ACTIVITY IN VIETNAM'S COMMAND ECONOMY AND A GROWING UNDERSTANDING OF AND DESIRE TO ADAPT THE LABOR REGIME TO CHALLENGES PRESENTED BY THE MORE MARKET-ORIENTED ECONOMY OF TODAY. WHEN SPEAKING ABOUT THE TRADE UNION'S ROLE, HE STATED IT IN TERMS OF VGCL'S RESPONSIBILITY TO SUPPORT THE NATION'S ECONOMIC GOALS OF EXPANDED GROWTH AND JOB CREATION BY "SUPERVISING AND REPRESENTING THE INTEREST OF LABORERS." NEGOTIATION AND CONCILIATION WITH EMPLOYERS ON THE WORKERS BEHALF SYMBOLIZED THE VGCL'S PREFERRED APPROACH TO ADDRESSING LABOR DISPUTES.
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11. (SBU) HOWEVER, ON SEVERAL OCCASIONS, CHIEN NOTED PROBLEMS THAT FACE WORKERS AND BY EXTENSION THE VGCL, ESPECIALLY, HE CLAIMED, IN FOREIGN-INVESTED ENTERPRISES (FIE'S). SOME EMPLOYERS FAVOR SHORT-TERM CONTRACTS EVEN WHEN THE WORKERS ARE CLEARLY LONG-TERM EMPLOYEES. SOME EXPECT WORKERS TO WORK MORE OVERTIME THAN THE 200 HOURS/YEAR PERMITTED UNDER THE LABOR CODE THEREBY FAILING TO CREATE NEW JOBS. (NB: THIS REQUIREMENT IS FAR BELOW THE ILO/SA8000 STANDARD OF 600 HOURS/YEAR OVERTIME AND THERE HAVE BEEN CALLS FOR ITS REVIEW DURING THE COMMENT PERIOD ON THE DRAFT LABOR CODE AMENDMENTS. IT APPEARS THE INTENT OF LIMITING THE NUMBER OF OVERTIME HOURS IS LESS WORKER PROTECTION THAN A DESIRE ON THE PART OF THE GOVERNMENT TO FORCE EMPLOYERS TO CREATE MORE JOBS.) CHIEN NOTED CASES EXIST IN WHICH OWNERS AND MANAGERS DISCOURAGED THE ESTABLISHMENT OF THE FORMATION OF UNIONS BY THE VGCL IN THEIR ENTERPRISES. HE ALSO SAID THAT THE PENALTIES FOR ENTERPRISES THAT VIOLATE THE LABOR CODE WERE NOT HIGH ENOUGH TO ACT AS A SIGNIFICANT DETERRENT. OTHER PROBLEMS INCLUDED FAILURE TO PAY TET HOLIDAY BONUSES, INSUFFICIENT COMPENSATION FOR OVERTIME, AND AN UNDULY STRESSFUL WORKLOAD. (COMMENT: THESE SAME PROBLEMS EXIST IN THE DOMESTIC PRIVATE SECTOR AND, TO SOME EXTENT, IN THE STATE-OWNED ENTERPRISES, BUT MANY LABOR OFFICIALS, IN BOTH THE VGCL AND MOLISA, TEND TO RAISE THESE ISSUES ONLY IN THE CONTEXT OF FIE'S. END COMMENT.)

12 (C) COMMENT: THESE VISITS AFFORDED THE EMBASSY A
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WELCOME OPPORTUNITY TO INTERACT WITH IMPORTANT CONGRESSIONAL STAFFERS INVOLVED IN THE DEBATE ON THE LABOR DIMENSIONS OF TRADE. SEVERAL OF THESE STAFFERS ON BOTH DELEGATIONS SEEMED TO OPERATE UNDER THE MIQAKEN ASSUMPTION THAT THE EMBASSY IS IN A POSITION TO JOIN IN FORMULATING A LABOR STRATEGY THAT COULD, AT LEAST IN PART, BE COMPLETED PRIOR TO A VOTE ON THE BTA. ONE OF THESE STAFFERS CONTINUES TO TELEPHONE REGARDING LABOR ISSUES IN VIETNAM. WE HAVE REPEATEDLY

MADE IT CLEAR WE ARE NOT IN A POSITION TO MAKE POLICY COMMITMENTS; THIS IS NOT OUR ROLE IN THE FIELD. RATHER THIS IS A JOB FOR THE ADMINISTRATION, OF WHICH WE ARE A VERY SMALL PART. HOWEVER, WE SHARE WITH THESE STAFFERS INTEREST IN ASSURING THAT VIETNAM'S WORKERS ENJOY PROTECTIONS AND THAT THEY WILL NOT SUFFER ANY DETERIORATION IN THEIR SITUATION AS A RESULT OF THE BTA COMING INTO FORCE. YET, WE HAVE CONSISTENTLY ARGUED THAT TO LINK TRADE BENEFITS TO PROGRAM ON LABOR WILL TORPEDO THE BTA AND TRADE LIBERALIZATION GENERALLY IN VIETNAM. THE VIETNAMESE WILL NOT STAND FOR IT AND WE THINK VIETNAM'S SITUATION IS SUFFICIENTLY UNIQUE THAT A COOKIE CUTTER TEXTILE AGREEMENT MODELED ON THE ONE THE U.S. ENTERED INTO WITH CAMBODIA IS THE WRONG APPROACH FOR VIETNAM. THE BILATERAL MOU ON LABOR WITH THE VIETNAMESE IS OFF TO A GOOD START. IF THE ADMINISTRATION DETERMINED THAT LABOR RIGHTS IN VIETNAM NEED FURTHER BOLSTERING, WE RECOMMEND ATTEMPTING TO FUND ADDITIONAL PROJECTS UNDER THE MOU. SEVERAL STAFF MEMBERS' DESIRES TO LINK BTA PASSAGE WITH GREATER PROGRAMS ON WORKERS' RIGHTS WAS NOT LOST ON THE VIETNAMESE. VIETNAMESE OFFICIALS ARE
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ALREADY ASKING SERIOUS QUESTIONS CONCERNING WHEN THE U.S. WILL FORWARD THE BTA TO CONGRESS. WE BELIEVE THESE DISCUSSIONS ABOUT LABOR BROUGHT BY THE CONGRESSIONAL DELEGATIONS MAY HAVE INCREASED GQ ANXIETY ON THE BTA RATIFICATION PROCESS EVEN MORE.
END COMMENT.

PETERSON

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